

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

BEF Corporation
1670 E. Race Street
Allentown, PA 18103

Attn: *Elward Brewer*
President

Dear Mr. Brewer:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) has reason to believe that BEF Corporation of Allentown, Pennsylvania (“BEF”) has committed four violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”).² Specifically, BIS charges that BEF committed the following violations:

Charge 1 (15 C.F.R. §764.2(d) - Conspiracy to Export Photolabs to Iran without the Required U.S. Government Authorization)

In 2001, BEF conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by exporting mini photolabs from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the photolabs, items subject to the Regulations and the Iranian Transactions

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2004). The violations charged occurred from 2001 through 2002. The Regulations governing the violations at issue are found in the 2001 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The 2004 Regulations establish the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401- 2420 (2000). From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), continues the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bis/>.

Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, BEF and its co-conspirators tried to conceal the ultimate destination of the photolabs by exporting them through the United Arab Emirates to Iran. In so doing, BEF committed one violation of Section 764.2(d) of the Regulations.

Charge 2-4 (15 C.F.R. §764.2(g) - False Statements on Shipper's Export Declarations as to the Value of the Export)

On three occasions from on or about March 1, 2002 through on or about June 22, 2002, BEF made false statements to the U.S. Government in connection with effecting an export subject to the Regulations. Specifically, BEF filed or caused to be filed Shipper's Export Declarations with the U.S. Government for the export of photolabs, items subject to the Regulations, that had false values of the photolabs. In doing so, BEF committed three violations of Section 764.2(g) of the Regulations.

Accordingly, BEF is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If BEF fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. (Regulations, Sections 766.6 and 766.7). If BEF defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to BEF. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each charge in this letter.

BEF is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. (Regulations, Section 766.6). BEF is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4).

³ See 15 C.F.R. §6.4(a)(2) (2004).

BEF Corporation
Proposed Charging Letter
Page 3

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should BEF have a proposal to settle this case, BEF or its representative should transmit the offer to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, BEF's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of BEF's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Melissa B. Mannino
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Melissa B. Mannino is the attorney representing BIS in this case; any communications that you may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Rick Shimon
Acting Director
Office of Export Enforcement

**BEF Corporation: Schedule of Violations
False Statements**

	SHIP DATE*	COUNTRY OF ULTIMATE DEST.	ACTUAL INVOICE		"CUSTOMS INVOICE"		SED VALUE
			INVOICE #	SHIP VALUE	INVOICE #	SHIP VALUE	
1	4/21/2000	Puerto Rico	1475	\$17,500.00	1475-CU	\$10,500.00	\$10,500.00
2	1/1/2001	Dom. Republic	1887	\$14,443.50	1887-CU	\$6,000.00	\$6,000.00
3	3/20/2001	Dom. Republic	2042	\$12,000.00	2042-CU	\$5,000	\$5,000.00
4	4/2/2001	Nigeria	1384	\$34,421.00	1384-CU	\$13,000.00	\$13,000.00
5	4/22/2001	Peru	1837	\$9,300.00	1837-CU	\$4,500.00	\$4,500.00
6	10/18/2001	Ecuador	2508	\$15,000.00	2508CU	\$14,000.00	\$14,000.00
7	10/25/2001	Bolivia	2415	Not Valued	2415-CU	\$3,000.00	\$3,000.00
8	3/1/2002	Trinidad	2515	\$18,335.00	2515CU	\$10,000.00	\$10,000.00
9	4/27/2002	Ecuador	2427	\$26,625.00	2427-CU	\$16,000.00	\$16,000.00
10	6/22/2002	Peru	2665	\$7,500.00	2665CU	\$5,600.00	\$5,600.00

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
BEF Corporation)
1670 E. Race Street)
Allentown, PA 18103)
)
Respondent.)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, BEF Corporation (“BEF”), and the Bureau of Industry and Security, United States Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),²

¹ The violations charged occurred from 2001 through 2002. The Regulations governing the violations at issue are found in the 2001 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

WHEREAS, BIS has notified BEF of its intention to initiate an administrative proceeding against BEF, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to BEF that alleged that BEF committed four violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. § 764.2(d) - Conspiracy to Export Photolabs to Iran without the Required U.S. Government Authorization:* In 2001, BEF conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by exporting mini photolabs from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the photolabs, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, BEF and its co-conspirators tried to conceal the ultimate destination of the photolabs by exporting them through the United Arab Emirates to Iran.
2. *Three Violations of 15 C.F.R. § 764.2(g) - False Statements on Shipper’s Export Declarations as to the Value of the Export:* On three occasions from on or about March 1, 2002 through on or about June 22, 2002, BEF made false statements to the U.S. Government in connection with effecting an export subject to the

Regulations. Specifically, BEF filed or caused to be filed Shipper's Export Declarations with the U.S. Government for the export of photolabs, items subject to the Regulations, that had false values of the photolabs.

WHEREAS, BEF has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, BEF fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves this Agreement as the final resolution of this matter;

WHEREAS, BEF enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, BEF states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, BEF neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, BEF wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, BEF agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over BEF, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against BEF in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. BEF shall be assessed a civil penalty in the amount of \$39,000 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.
- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to BEF. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of BEF's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, BEF hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$39,000 civil penalty, BIS will not initiate any further administrative proceeding against BEF in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

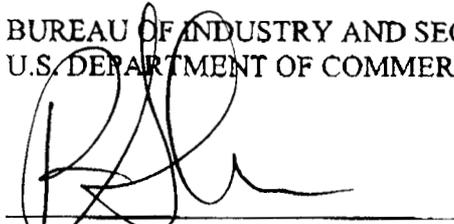
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

Settlement Agreement
BEF Corporation
Page 6 of 6

9. Each signatory affirms that he has authority to enter into this Settlement Agreement
and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

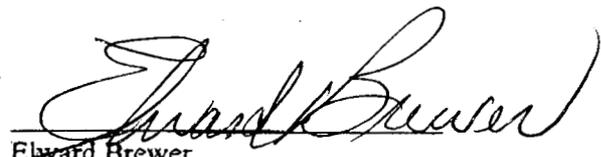


Rick Shimon
Acting Director
Office of Export Enforcement

NOV 16 2004

Date: _____

BEF CORPORATION



Edward Brewer
President

Date: 06-23-04

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
BEF Corporation)
1670 E. Race Street)
Allentown, PA 18103)
)
Respondent.)
_____)

ORDER RELATING TO BEF CORPORATION.

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified BEF Corporation (“BEF”) of its intention to initiate an administrative proceeding against BEF pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² by issuing a proposed charging letter to BEF that alleged that BEF committed four violations of the Regulations. Specifically, the charges are:

¹ The violations charged occurred from 2001 through 2002. The Regulations governing the violations at issue are found in the 2001 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 6, 2004 (69 *Fed. Reg.* 48763 (August 10, 2004)), has continued the Regulations in effect under the IEEPA.

1. *One Violation of 15 C.F.R. § 764.2(d) - Conspiracy to Export Photolabs to Iran without the Required U.S. Government Authorization:* In 2001, BEF conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by exporting mini photolabs from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the photolabs, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, BEF and its co-conspirators tried to conceal the ultimate destination of the photolabs by exporting them through the United Arab Emirates to Iran.
2. *Three Violations of 15 C.F.R. §764.2(g) - False Statements on Shipper’s Export Declarations as to the Value of the Export:* On three occasions from on or about March 1, 2002 through on or about June 22, 2002, BEF made false statements to the U.S. Government in connection with effecting an export subject to the Regulations. Specifically, BEF filed or caused to be filed Shipper’s Export Declarations with the U.S. Government for the export of photolabs, items subject to the Regulations, that had false values of the photolabs.

WHEREAS, BIS and BEF have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

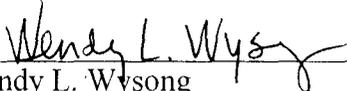
FIRST, that a civil penalty of \$39,000 is assessed against BEF, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, BEF will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to BEF. Accordingly, if BEF should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of BEF's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Wendy L. Wysong
Acting Assistant Secretary of Commerce
for Export Enforcement

Entered this 11th day of March 2005.